The RIA space is currently experiencing an explosive growth cycle, ushering in an era of opportunity like never before for independent advisors. Dean Zayed, president of Brookstone Capital Management, one of the top 30 fastest-growing RIA firms¹, shares his observations on several trends and opportunities facing the independent advisor in 2015.

**Trend #1: With returns on fixed income investments like CDs and T-Bills being low, more and more people are looking for other alternatives in the stock market.**

Opportunity: Clients and prospects are wondering if it’s possible to get good investment returns when the stock market is near all-time highs.

Here’s a simple concept Wall Street tends to miss: The only way to grow your dollars is through geometric compounding. When big firms or funds advocate the pursuit of big gains, this also means the investor is assuming the risk of taking large losses. To use a baseball analogy, we think the secret of winning consistently is focusing on getting singles, doubles and triples instead of going for home runs and risking striking out.

Most investors want respectable returns. They might be thrilled to score big returns, but not at the risk of a 50% drop in their principal if the market goes south. Consider what we’ve seen in the stock market in just the last few years. In 2013, the Dow Jones Industrial Average was up about 26%. As of late November 2014, it was up about 10%. Yet many investors who have been fully committed to the stock market since 2007 are only breaking even.

They don’t realize a 50% drop in the market requires a 100% rise in the market to recover the loss.

At Brookstone, we feel that aiming for consistent returns while avoiding large drawdowns leads to dollar growth. We utilize a risk-managed approach using professional money management and strategies that are specifically designed with low correlation to broader market activity. The ability to offer investors several innovative strategies that are focused on managing to a downside protection threshold is extremely important in volatile markets. Your client wants portfolio risk actively managed at all times, to avoid large losses while participating in the market’s upward movement.

**Trend #2: Clients are living longer.** Today’s 65-year-old will likely live to age 90. Their retirement assets need to work harder and last longer.

Opportunity: Retirement isn’t what it used to be. People need advice more than ever.

¹Financial Advisor Magazine’s List of Fastest-Growing RIA Firms for 2014
Most clients today won’t have the advantage of a defined benefit pension plan such as their parents enjoyed. They need to provide for their own retirement. The financial services industry has done a fairly good job in teaching advisors how to grow a client’s assets over time. Unfortunately, it has done a poor job teaching preservation and distribution during the client’s retirement. Today’s clients need income planning because their assets will likely need to provide for 30+ years of an active retirement.

At Brookstone, we feel it’s important to design retirement portfolios that meet the long-term needs of investors at various stages of retirement. One way to help advisors prepare for the demands of this kind of income planning is to provide them with the best tools possible for the job. As such, we not only look to partner with portfolio managers that focus on tempering market volatility through active management and a truly diversified approach, we also constantly seek out the most robust income-planning software tools in the industry today.

You can’t expect advisors to provide expertise without the proper education and tools, and advisors must be income-planning specialists if they want to remain relevant over the next 20 years.

Trend #3: Technology is here to stay. Successful advisors must be on the leading edge.

Advisors must be income-planning specialists if they want to remain relevant.

Opportunity: Technology. Clients demand it. The advisor must provide it. Mass-market financial services firms have spent billions on technology. They offer clients access to portfolio and market data anywhere and anytime. Their advisors can access data and conduct business remotely.

Independent advisors must be able to compete with the big boys. At Brookstone, we have invested in technology that allows clients and advisors to access detailed performance reports 24/7. Clients can evaluate portfolios themselves on the weekend instead of waiting until Monday to call their advisor.

Our platform allows advisors to open accounts online at a client’s home and utilize electronic signature and document signing. Many clients want the technology benefits the large firms deliver along with the independent approach you can provide. We help you do both.

Trend #4: Independent advisors own a business. What’s it worth? Can it be sold?

Opportunity: Succession planning – independent advisors want to retire too.

At Brookstone, we help advisors build their book of business. We also help them transition to the next stage of their life. If an advisor chooses to merge or sell their practice to another advisor on the Brookstone platform, their clients enjoy continuity of advice and service. We also have the legal structure, blueprint and capital funding to assist advisors seeking to buy another Brookstone-affiliated advisor’s practice. If your own retirement is in the near future, Brookstone can help you transition your practice.

How to Decide Which RIA Platform Is Right for You

When searching across the ever-growing RIA landscape for a platform that suits you best, there are certain capabilities that should be carefully considered if you truly want to take your business to the next level. Of course, you want to be part of a select network of highly trained advisors who have proprietary access to unique, proven investment strategies.

That kind of operational support would help you devote more time to your #1 priority—your clients. But what criteria should you apply in your search?

Critical Criteria

1. Manager Selection – How many professional money managers are available on their Separately Managed Account (SMA) platform? How many strategies utilize mutual funds? Are some exclusive?

   • Rationale: One-stop shopping is appealing. Your client does investment business. You want to provide enough choice to be their sole provider.

   • Good for the client: They don’t need to compromise or limit their horizons if they choose to invest with you. Access to exclusive managers is a plus.

   • Good for the advisor: The platform can compete head-on with an offering from a mass-market financial services firm. You are providing a comparable service while maintaining your objectivity and exclusivity.

2. Pricing Structure – Is it competitive and transparent? Are there hidden fees?

   • Rationale: Many investment products involve front-end sales charges or back-end surrender fees. The ideal managed investment platform has an ongoing, prorated fee structure.

   • Good for the client: Although investing should be considered with a long-term time horizon, clients appreciate a “pay as you go” pricing model.

   • Good for the advisor: Being paid for assets under management puts the client on the same side of the table, moving them away from the pay-by-transaction model.

3. Exchangeability – Can a client switch from one manager to another without encountering additional fees? Is it easy?

   • Rationale: Clients need change. A retiring client’s risk tolerance might change from Aggressive Growth to Income and Growth. Can they easily change money managers or move from one managed strategy to another, bearing in mind the tax issue?

   • Good for the client: When clients make a decision, they often want to
Why Use an RIA Platform?

1. It’s good for the client
2. Clients want professional money management
3. Competitors are showing it to them
4. Adds to your professionalism
5. Logical fee model
6. Professional money managers act on your client's behalf
7. Eases compliance concerns
8. Asset-allocation friendly
9. Advisor and client on the same side of table
10. Liquidity as needed
11. Advisor compensation
12. Recurring revenue for advisor

execute immediately. A platform allowing clients to transition from one strategy to another without their funds remaining in limbo means their money is working for them.

• Good for the advisor: You continue to help your client address their investment needs even if their objectives change.

4. Liquidity – Clients need money from time to time. Investing may involve a long-term time horizon, but can they get at their money if necessary?

• Rationale: A good platform allows clients to make occasional withdrawals or periodic distributions without encountering transaction costs or being forced to conform to a quarterly liquidity schedule.

• Good for the client: Their money is working, yet they can access it. They can finance their retirement by making periodic withdrawals at levels and intervals they choose.

• Good for the advisor: No need to explain surrender charges or adhere to a time schedule to liquidate securities.

5. Speed of Enrollment and Executions – Your client is interested. Can their money be easily put to work? Can assets held away be transferred in to fund the account? Can more money be added?

• Rationale: The ideal platform can provide a streamlined, consolidated approach to investment selection, account administration and performance reporting.

• Good for the client: They make the decision to invest. The advisor does the rest using a seamless procedure with the platform provider. Lag time is minimized.

• Good for the advisor: Once the signed paperwork and funds are submitted, the process is underway. If the client has chosen to add funds to a strategy or to withdraw funds, their money is available shortly afterward.

6. Client Communication – Clients ask: “How is my money doing?” and “Is that manager performing to expectation?”

• Rationale: A good platform makes current account information available online for both clients and advisors, along with providing easy-to-read paper statements at periodic intervals.

• Good for the client: Online account access allows them to get answers 24/7.

• Good for the advisor: Advisors want clients to share responsibility for monitoring account activity and performance. Paper statements keep them in the loop.

7. Advisor Compensation – No one is expected to work for free.

• Rationale: Platforms make money. You provide value on an ongoing basis. Are you paid for your efforts?

• Good for the client: If your compensation is fee-based instead of by commission, there’s more transparency, making it easier to communicate to clients.

• Good for the advisor: By earning a fee across assets under management, the advisor is compensated for giving the client advice and attention, even if transactions aren’t involved.

Advisors see the need to provide investment alternatives comparable to those provided by mass-market financial services providers. They also want to maintain their independence and objectivity. The ideal platform allows this to happen.
YOUR PATH TO ATTRACTING AND RETAINING MORE CLIENTS

SUPPORT
- STATE-OF-THE-ART TECHNOLOGY
- DYNAMIC TRAINING & EDUCATION
- EFFECTIVE MARKETING PROGRAMS
- PERFORMANCE-BASED INCENTIVES
- 360° OPERATIONAL SUPPORT

TOOLS
- MARKET REPORTS & COMMENTARY
- STRATEGIC PARTNERSHIPS
- PORTFOLIO MANAGER THOUGHT LEADERSHIP
- INVESTMENT PLANNING TOOLS
- MORNINGSTAR INSIGHTS

PLATFORM
- ALL-INCLUSIVE INFRASTRUCTURE
- PROVEN INVESTMENT MANAGERS
- FULL-SPECTRUM INVESTMENT SOLUTIONS
- STRATEGY DIVERSIFICATION
- OPEN COMMUNICATION

Our Brookstone advisor program supplies you with an all-inclusive platform for long-term support, learning and growth. We’ll provide all the tools, training, marketing resources and incentives you’ll need to successfully build your business.

LEARN MORE ABOUT HOW BROOKSTONE CAN HELP YOU BUILD YOUR BUSINESS

Visit www.theRIAguide.com to get your Why Brookstone Information Kit, for free.